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C O N F I D E N T I A L SECTION 01 OF 02 KATHMANDU 000902

SIPDIS

STATE FOR SA/INS AND DS/IP/SA
STATE ALSO PASS USAID

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TAGS: [PTER](#) [PGOV](#) [ASEC](#) [EAID](#) [CASC](#) [NP](#)

SUBJECT: NEPAL: MAOIST PRESSURE CAUSES EUROPEAN DONORS TO
SUSPEND PROJECTS IN FIVE DISTRICTS

REF: A. KATHMANDU 846

[B](#). 03 KATHMANDU 2048

Classified By: CDA JANET BOGUE. REASON: 1.5 (B,D).

SUMMARY

[1](#)1. (C) On May 10 the Dutch, German and British bilateral aid agencies, citing Maoist pressure and threats, announced they will suspend projects in the northwestern districts of Mugu, Humla, Jumla, and Dolpa and in the southwestern district of Kailali as of May 16. USAID sponsors activities in three of these districts through local implementing partners and has no expatriate staff on the ground. With one exception (see para 4 below), USAID has received no reports of Maoist threats directed against the projects or partners' staff. The USAID Mission plans to convoke all of its partners to review the overall security situation. Peace Corps maintains regular contact with three volunteers posted at Kailali district headquarters, communicating most recently on May 10. Neither the volunteers nor the organizations they work with have reported receiving threats from the Maoists. The Mission will continue to monitor events in these districts closely. End summary.

EUROPEANS OUT OF FIVE DISTRICTS

[1](#)2. (U) In a May 10 press statement, the Dutch aid agency SNV, the British aid agency DFID and the German aid agency GTZ announced a decision to suspend development projects in the four northwestern districts of Mugu, Humla, Jumla, and Dolpa and in the southwestern district of Kailali as of May [1](#)16. World Food Program support to the affected projects in these districts will similarly be suspended. In addition, SNV declared the suspension of all of its activities in the entire mid-western region. The agencies cited continued Maoist threats and demands, including that NGOs register with and contribute to Maoist organizations, as well as the bombing of several NGO offices in Nepalgunj and Kailali (Ref A), as the reasons for the withdrawal. According to the statement, "Support to these programs will re-start when it is clear that staff can operate in a safe environment . . . We call upon the Maoists to uphold their stated commitment to respect the Geneva Conventions, and not to 'carry out any physical action or exercise coercion against NGOs.'" As a show of international support, in addition to the directors of the three bilateral agencies affected, the statement was also signed by the heads of the Swiss, Canadian and Japanese development agencies, as well as the Chiefs of Mission of the European Union and the Norwegian, Danish and Finnish Embassies. (Note: USAID in Kathmandu was not invited to sign the statement. End note.)

USAID-SPONSORED ACTIVITIES IN MUGU,
DOLPA AND KAILALI

[1](#)3. (SBU) USAID's Vitamin A project is implemented via local female community health volunteers in all of Nepal's 75 districts. In addition, USAID, in partnership with CARE, sponsors a community natural resources management project in Mugu and Dolpa and a business development project, implemented through a number of different local and international partners, in Dolpa. In Kailali USAID sponsors nine different activities through various partners. Neither USAID or any of its NGO implementing partners--CARE, World Education, The Asia Foundation, World Wildlife Fund or Save the Children--maintains expatriate staff in any of these districts. With no staff of its own permanently in the field in these districts, USAID relies upon its local partners to provide regular information on operating conditions, including the security situation. The USAID Mission plans to schedule a meeting with all of its partners in-country after the conclusion of the May 11-12 general strike.

WWF LOCAL STAFF ABDUCTED, RELEASED

14. (C) To date, USAID in Kathmandu has received no information of threats against its local partners in these districts with one notable exception. About 1:00 a.m. on April 14, Tilak Dhakal, a World Wildlife Fund (WWF) employee and the Nepali project coordinator for a community natural resources management project in Dolpa District, was abducted by Maoists in a village about four hours' walk from district headquarters. (Note: WWF is a sub-grantee on the project. CARE is the main grantee. Dhakal's job requires him to cover long stretches of Dolpa, Nepal's largest district, on foot. He is well known in the communities covered by the project and apparently knew at least some of his abductors. End note.) The following day the project office in the district headquarters received a demand for NRs 500,000 (approximately USD 7,000) in ransom.

15. (C) According to local WWF staff, Dhakal was walked several hours south to a village bordering the districts of Jajarkot and Rukum, where he stayed for several days. He was reportedly treated well, but noted that his guards during the day, members of the Maosits' junior militia, seemed much ruder, younger and less educated than the more polished and polite local leaders, who returned every night to check on him. On April 20 he was released unharmed, even though no ransom was paid. Three armed members of the militia accompanied him back to the village from which he was abducted, and Dhakal reached Kathmandu on April 23. He is expected to return to work in Dolpa at the end of June.

16. (C) WWF Country Representative Chandra Gurung does not believe that Dhakal was abducted because he works for a USAID-funded project. According to Gurung, at no time during Dhakal's abduction did the Maoists make reference to project funding sources or link his kidnapping in any way to the U.S. Instead, Gurung speculated, the Maoists likely took Dhakal because of his local popularity and success as a community organizer, adding that the Maoists had been unable to start up "people's committees" in three particular villages where user groups Dhakal established were flourishing. Dhakal reportedly attributes his sudden release to the strong support of the local population, who, according to WWF staff, were so dismayed by his abduction that they offered to raise the ransom themselves. In addition, he believes the calm, measured reaction of WWF project staff to the crisis--polite in conversations with the Maoists but firm and consistent in refusing to pay--helped keep the situation under control. Gurung said that WWF intends to continue work on the project. (Note: Following his release, Dhakal went on leave. USAID in Kathmandu will meet with Dhakal when he returns from leave the third week in May. End note.)

PEACE CORPS

17. (C) Peace Corps has three volunteers in district headquarters in Kailali. (There are no volunteers in Dolpa, Mugu, Humla or Jumla.) Neither the volunteers nor the organizations they work with have reported threats from the Maoists. Peace Corps Kathmandu maintains regular contact with these volunteers, as it does with volunteers across the country, and contacted the warden (who is responsible for contacting the other two volunteers) most recently on May 10. The warden has a cell phone.

COMMENT

18. (SBU) In an October 21 press statement, Maoist leader Prachanda announced that the insurgents would not attack aid projects, except those funded by "American imperialists" (Ref B). Maoist intimidation and bombing of non-U.S.-funded projects, however, demonstrate that in practice the Maoists are clearly far less discriminating in selecting actual targets. GTZ, DFID and SNV may be hoping that, as in WWF's case, popular pressure from local beneficiaries of the suspended projects may force the Maoists to reconsider their tactics. The Mission will continue to monitor events in these districts closely.
BOGUE